

SENATE RECORD VOTE ANALYSIS

104th Congress
2nd Session

Vote No. 119

May 16, 1996, 9:21 p.m.
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BUDGET RESOLUTION/President's Budget

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1997-2002 . . . S. Con. Res. 57. Exon amendment No. 3965, as amended.

ACTION: AMENDMENT REJECTED, 45-53

SYNOPSIS: As reported, S. Con. Res. 57, the Concurrent Budget Resolution for fiscal years 1997-2002, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 6 years to below the rate of growth in revenue collections. The rate of growth in entitlements such as Medicare, Medicaid, the Aid to Families with Dependent Children program, and the Earned Income Credit will be slowed. No changes will be made to the Social Security program, the spending for which will grow from \$348 billion in FY 1996 to \$467 billion in FY 2002. Defense spending will be essentially frozen at its present level.

The Exon substitute amendment, as amended, would enact the President's proposed budget. The President's proposal was originally estimated to have an \$81 billion deficit in FY 2002 by the Congressional Budget Office (CBO; a revised estimate found that it was out of balance by \$84 billion). President Clinton then revised that budget by proposing that whomever was President in FYs 2001 and 2002 and whomever was then in Congress would make \$68 billion in domestic discretionary spending cuts and would cancel his small tax relief provision for an additional \$16 billion in savings (see below). That proposal, which is not binding, would require a 10-percent cut in FY 2001 and an 18-percent cut in FY 2002. At the same time, President Clinton did not revise any of his proposed spending levels for specific domestic discretionary programs. Instead, he used a "trigger"--he added an asterisk footnote that explained that the spending levels for years 5 and 6 showed how an extra \$84 billion would be spent if it were somehow found. It is the sense of the Senate that a budget resolution should not contain a trigger that will require large spending cuts in domestic discretionary programs in its final years in order to balance the budget (see vote No. 113). On Medicare, President Clinton proposed just \$72 billion in Part A "savings"; \$55 billion of that amount would be achieved by making a bookkeeping change (home health care services would be moved from Part A to Part B of Medicare). That move would not lower spending, however. It is the sense of the Congress that making such a change would artificially increase the solvency of the Part A trust fund and would burden the

(See other side)

YEAS (45)		NAYS (53)		NOT VOTING (2)	
Republicans (0 or 0%)	Democrats (45 or 98%)	Republicans (52 or 100%)	Democrats (1 or 2%)	Republicans (1)	Democrats (1)
Akaka	Inouye	Abraham	Helms	Kassebaum- ²	Pryor- ²
Baucus	Johnston	Ashcroft	Hutchison		
Biden	Kennedy	Bennett	Inhofe		
Bingaman	Kerrey	Bond	Jeffords		
Boxer	Kerry	Brown	Kempthorne		
Bradley	Kohl	Burns	Kyl		
Breaux	Lautenberg	Campbell	Lott		
Bryan	Leahy	Chafee	Lugar		
Bumpers	Levin	Coats	Mack		
Conrad	Lieberman	Cochran	McCain		
Daschle	Mikulski	Cohen	McConnell		
Dodd	Moseley-Braun	Coverdell	Murkowski		
Dorgan	Moynihan	Craig	Nickles		
Exon	Murray	D'Amato	Pressler		
Feingold	Nunn	DeWine	Roth		
Feinstein	Pell	Dole	Santorum		
Ford	Reid	Domenici	Shelby		
Glenn	Robb	Faircloth	Simpson		
Graham	Rockefeller	Frist	Smith		
Harkin	Sarbanes	Gorton	Snowe		
Heflin	Simon	Gramm	Specter		
Hollings	Wellstone	Grams	Stevens		
	Wyden	Grassley	Thomas		
		Gregg	Thompson		
		Hatch	Thurmond		
		Hatfield	Warner		

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

American taxpayers (see vote No. 118; for related debate, see vote No. 117). On tax relief, the President's budget would provide a temporary \$300 per child tax credit for children under the age of 13 (this budget resolution will provide a permanent \$500 per child credit for children under the age of 18). The tax credit would only be provided through fiscal year 2000. For FY 1997 spending levels, which are the only spending levels that will be binding in the resolution that is eventually adopted, the President's budget would increase domestic discretionary spending by \$10 billion, and would decrease defense spending by \$11.3 billion, despite President Clinton's promise earlier this year that he would finally stop cutting defense. Other details of the President's budget include the following: a trigger would be placed on funds for outpatient hospital services; a new entitlement program for workers temporarily unemployed would be enacted and would sunset in 2000; taxes on working families, college students, and small businesses would be increased in 2001; payroll taxes would be accelerated in 2001; numerous Federal assets would be sold in 2002 to gain additional revenue; spectrum would be auctioned in 2002 that would not be available until 2005; a contingent \$6 billion charge would be placed on broadcasters; and funding for veterans would be at the level proposed in the underlying resolution (the President's budget originally proposed much lower funding for veterans; see vote No. 116; see vote No. 115 for related debate).

Those favoring the amendment contended:

Last year Republicans introduced the President's proposed budget as an amendment, and had a good laugh when it was defeated on an unanimous rollcall vote. Democrats joined Republicans last year in rejecting the President's budget because it did not offer a credible alternative to the Republican proposal to balance the budget. This year we do not think our Republican colleagues will be laughing. The Congressional Budget Office has certified that the President's budget will reach balance in the year 2002. The Republicans threw down the gauntlet last year, and the President has risen to the challenge.

Republicans are now left mainly with complaints that the President has used gimmicks to reach balance. For instance, they have made much over the "gimmick" of transferring home health care services from Part A of Medicare to Part B, they have attacked the President's plan for proposing too severe cuts in the last 2 years, and they have said that the plan relies too heavily in the final year on selling off assets in order to reach balance in 2002 only, with deficits starting again immediately thereafter. In response, the charge of "gimmick" is one Senators should not use too freely, because it can be used against virtually any budget proposal that we have ever seen. For instance, the Medicare transfer proposal that the President has in his budget proposal is not of his own invention--he took it out of the budget resolution that the House passed last year. Senate Republicans may have insisted on dropping that proposal in conference, but the fact remains that Speaker Gingrich and company passed this "gimmick," if that is what it is, before the President ever proposed it. Similarly, before Senate Republicans make too much of the fact that most of the President's proposed savings occur in the out-years of his budget, they should take a closer look at their proposal, because most of its savings also occur in the out-years. Their proposal may make more gradual declines, but the charge can still be easily made that their budget is a gimmick because future Congresses will never agree to the greater level of reductions that they themselves are not now willing to make.

The fact of the matter is that both the President's budget and the Republican's budget are about equally honest in their numbers, and they are both certified to reach balance by the CBO in 2002. Given that fact, the question before the Senate is which budget has the better priorities. In our view, the President's budget is far superior. It will provide very needed spending increases this year for some programs, such as for education. It will make defense cuts this year of \$11 billion, but in future years it promises that it will increase funding to rebuild our defense capabilities. It will make much smaller reductions in spending on welfare programs, and it will make the rich pay their fair share in taxes by extending expiring taxes and by closing tax loopholes for corporations. These are the priorities that we proudly believe in and support. We therefore are pleased to endorse the President's budget by voting in favor of the Exon amendment.

Those opposing the amendment contended:

The President's proposal is a political gimmick. It is a shameless fraud that has been put forward to buy votes without the slightest concern for the threat that it poses to America. It does nothing to stop our great country's slide into bankruptcy. It is a slapdash amalgam of gimmicks that the CBO is required to score as being legitimate, though they will do nothing to stop the fiscal deficit-spending insanity. However, even if all the laws of economics, human nature, reason, and physics were temporarily suspended so that everything that President Clinton has preposterously said would happen under his budget actually happened, we would still emphatically oppose this budget because it would lead to a much larger government, a weaker defense, and the highest tax burden in history.

If present trends in entitlement growth are allowed to continue, as President Clinton basically proposes, by the year 2006 Social Security, Medicare, Medicaid, Federal retirement, and interest on the debt will consume nearly every penny in revenues collected by the Federal Government. Just a tiny percentage will be left over for education, defense, welfare, or any other purpose. The rapid growth in these programs, principally Medicare and Medicaid, must be contained or our country has no chance of surviving economically.

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This year a new milestone has been reached--Medicare is spending more than it is collecting in taxes. The total deficit spending is expected to be \$37 billion. Each year from here on out that amount will grow exponentially. Where do our colleagues suppose that money will come from? The Medicare Trust fund, like all trust funds, is comprised of Treasury notes, not cash. In effect, it is full of IOUs. Cash must be found to cover the difference in Medicare outlays and receipts. There are only five options. First, taxes may be increased. This option is at best a short-term option. Due to the actuarial reality that the number of retirees who benefit from major entitlement programs is going to increase over the next three decades, while the number of people paying into those programs is going to continue to decline, the tax base will simply not be large enough. Second, other spending may be cut. Again, this option is a short-term solution. As we have already noted, by 2006, if this were the only option followed, virtually all Federal spending except for spending on entitlement programs and to pay interest on the debt would be eliminated. Third, we may deny Medicare benefits. This option would be neither humane, because elderly Americans should not be denied needed medical care, nor ethical, because people who have spent lifetimes paying Medicare payroll taxes are entitled to receive Medicare benefits when they retire. Fourth, we may enact reforms to the Medicare program to improve its efficiency and effectiveness, thereby improving services and lowering costs. Fifth, the money may be borrowed. Borrowing the money is the worst possible solution. It does nothing to increase the solvency of Medicare, and it accelerates our country's slide into bankruptcy. In our opinion, the only acceptable option is the fourth, which is followed by the underlying budget resolution.

Unfortunately, President Clinton's budget follows the fifth option. It moves home health care services from Part A to Part B so that \$55 billion in Treasury IOUs will not have to be cashed in from the Part A trust fund to provide those services. Those services (we hope) will still be provided; the money will instead just be taken from the general fund of the Treasury which will have to borrow the money. It is a meaningless accounting change that does nothing to solve the basic problem that Medicare spending is growing at an uncontrollable rate. The President, in fairness, has proposed a few real Medicare reforms, but those reforms are so minor that the CBO said that they would only keep Medicare solvent for 1 additional year.

The Medicare gimmick is only one of many gimmicks that riddle the President's budget. On program after program, President Clinton has again dodged the hard choices. He has presented a budget that he claims will achieve balance because huge spending cuts will be made by a future President and Congress in domestic discretionary spending in FYs 2001 and 2002. Those cuts are in the very programs that he not only does not have the courage to cut now, but that he insists on spending more money on. Not only does he not have the courage to make any hard choices now, he does not even have the courage to say what programs a future President and Congress should cut. Instead, he wrote a budget showing specific program spending that was a lot higher (\$84 billion) than he had available to spend, and then said unspecified cuts would be made in FYs 2001 and 2002 to balance the budget.

If everything in this budget worked exactly as planned, Americans would find themselves with the highest tax burden in history, the lowest defense spending since the Great Depression, the highest spending on social welfare programs in history, and the lowest growth rate in post-war history. Further, using his most optimistic projections, his budget would only delay Social Security insolvency by 1 year, and would leave people who are less than 55 with no guarantee that they will ever receive even 1 cent in Medicare benefits. Making matters even worse, even if the 80 percent of the savings in the President's budget that would supposedly occur in the last 2 years materialized, they would be in the wrong parts of the budget. Discretionary spending should not be drastically cut in a 2-year time span, especially when it is not the cause of deficit spending. Entitlement spending should instead be cut, and the President, as usual, has ignored that fact.

We Republicans have very different views than our Democratic colleagues on the proper role of Government in society, but that does not mean that we should have a different view on whether we should allow our country to become bankrupt. Many congressional Democrats on numerous votes and proposals in the last few years have shown their willingness to make the hard choices necessary to balance the budget honestly. They know that the social programs that they favor will be wiped out if they do not soon join Republicans in passing honest reforms to address the long-term structural problems that threaten America's solvency. We know that this is a political year, and the temptation will be strong to give political cover to President Clinton by voting in favor of his sham budget proposal, but we urge those Democrats who truly want to balance the budget to join us in voting against it.